

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EA-10 IO-13 ISO-00 AID-05
CIAE-00 COME-00 FRB-03 INR-10 NSAE-00 ICA-11
TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01
NSC-05 SS-15 STR-07 CEA-01 L-03 H-01 INT-05
CTME-00 ITC-01 PA-01 /133 W
-----127553 070659Z /15

R 070137Z SEP 78

FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 2506
INFO AMEMBASSY CARACAS
USMISSION GENEVA
AMEMBASSY JAKARTA
AMEMBASSY KINSHASA
AMEMBASSY LIMA
AMEMBASSY LUSAKA
AMEMBASSY SANTIAGO

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E.O. 11652: N/A

TAGS: ETRD, MX

SUBJECT: PREPARATORY MEETINGS ON COPPER

REF: (A) STATE 215900; (B) GENEVA 11396; (C) GENEVA 1803

1. EMBOFFS MET AUG. 30 WITH ROBERTO DAVILA, DIRECTOR
GENERAL OF THE OFFICE OF INTERNATIONAL ECONOMIC COOPERATION
OF THE SECRETARIAT OF COMMERCE, TO DISCUSS THE CURRENT
ROUNDS PREPARATORY TALKS ON COPPER. DAVILA EXPLAINED THAT
MEXICO FELT IT MUST MAINTAIN A SOLID FRONT WITH OTHER LDC'S
ON THE COPPER QUESTION. HE NOTED THAT ALL LATIN AMERICAN
COUNTRIES ARE RAW MATERIAL EXPORTERS AND MUST STAND
TOGETHER ON COMMODITY ISSUES. ALTHOUGH COPPER EXPORTS ARE
OF LIMITED CURRENT IMPORTANCE, MEXICO'S PRODUCTIVE CAPACITY
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WILL INCREASE MARKEDLY IN THE NEAR FUTURE WHEN THE LA
CARIDAD MINE COMES ON LINE. THE MORE IMPORTANT CONCERN AT
THE MOMENT, HOWEVER, IS THAT IF MEXICO BREAKS RANKS ON AN
ISSUE SUCH AS COPPER IT MAY NOT RECEIVE THE SUPPORT IT
NEEDS ON OTHER MATTERS.

2. DAVILA ALSO SAID THE GOM WAS NOT CONVINCED THAT ORGAN-

IZING SINGLE-COMMODITY AGREEMENTS WAS A GOOD IDEA. A SERIES OF AGREEMENTS OF THIS KIND COULD LEAD TO A SITUATION IN WHICH INTERNATIONAL COMMODITY TALKS CENTERED ON THOSE ITEMS OF SPECIFIC INTEREST TO THE INDUSTRIALIZED COUNTRIES. ISSUES OF GREATER IMPORT TO THE LDC'S MIGHT NOT RECEIVE A FULL HEARING AND BROAD COMMODITY ISSUES WOULD NOT BE ADDRESSED AT ALL.

3. ASSUMING THAT THE CONCEPT OF A COPPER AGREEMENT IS ACCEPTED, DAVILA SAID THE GOM WOULD WANT A PERMANENT PRODUCER/CONSUMER BODY ATTACHED TO UNCTAD. IT IS NOT THE LINKAGE TO UNCTAD OF A COPPER AGREEMENT PER SE THAT IS AT ISSUE BUT RATHER THE NECESSITY OF SUPPORTING AN INTEGRATED COMMODITY PROGRAM. THE LDC'S HAVE BEEN DISAPPOINTED IN THE PAST WITH ORGANIZATIONS WHICH ARE NOT ASSOCIATED OR ONLY LOOSELY ASSOCIATED WITH UNCTAD. HE NOTED THE GATT AS AN EXAMPLE. REGARDING THE NECESSITY FOR A CONTINUING, AS OPPOSED TO A TEMPORARY, PRODUCER/CONSUMER BODY, DAVILA SAID THE LDC'S HAVE A DIFFERENT CONCEPT OF A STABLE MARKET THAN DO MOST DC'S. HE FELT THE DCS' VIEW OF STABLE MARKETS WAS LIMITED TO CONSTANT PRICES. THE LDC'S WANT "JUST PRICES" FOR THEIR RAW MATERIALS AND AN ONGOING BODY WOULD BE NEEDED TO INSURE THAT PRICES AND MARKET CONDITIONS WERE PROPERLY MONITORED.

4. WE MADE CLEAR THE USG DISAPPOINTMENT OVER THE TURN OF LIMITED OFFICIAL USE

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EVENTS DURING THE FOURTH PREPARATORY MEETING. WE MADE THE POINTS REGARDING THE DESIRABILITY OF A TEMPORARY AND INDEPENDENT PRODUCER/CONSUMER BODY (WITH APPROPRIATE LINKS TO UNCTAD). WE TOLD DAVILA THE INVESTIGATION INTO STABILIZATION MEASURES WOULD BE TIME-CONSUMING, BUT THAT IN THE INTERIM A PRODUCER/CONSUMER BODY WOULD BE USEFUL, SUGGESTING THAT ONE FUNCTION OF SUCH A BODY WOULD BE TO DETERMINE IF A FULL-FLEDGED COPPER AGREEMENT WAS INDEED NECESSARY. WE ALSO TOLD HIM THAT WE HOPED FUTURE PREPARATORY MEETINGS COULD BE HELD IN A MORE CONSTRUCTIVE MANNER THAN THE FOURTH MEETING.

5. DAVILA DID NOT THINK THERE WAS MUCH FLEXIBILITY IN THE MEXICAN POSITION ON THE SUBSTANTIVE ISSUES RELATED TO THE COPPER AGREEMENT. HE SAID, HOWEVER, THAT HE WOULD WELCOME FUTURE, INFORMAL INFORMATION SHARING. LUCEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COPPER, LESS DEVELOPED COUNTRIES, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MEXICO14668
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780364-0088
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780994/aaaaczln.tel
Line Count: 110
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: fd026956-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 215900, 78 GENEVA 11396, 78 GENEVA 1803
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1520487
Secure: OPEN
Status: NATIVE
Subject: PREPARATORY MEETINGS ON COPPER
TAGS: ETRD, MX
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/fd026956-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014